



Health Care Committee Prescription Drug Pricing Study

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NORTH
Dakota
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| Human Services

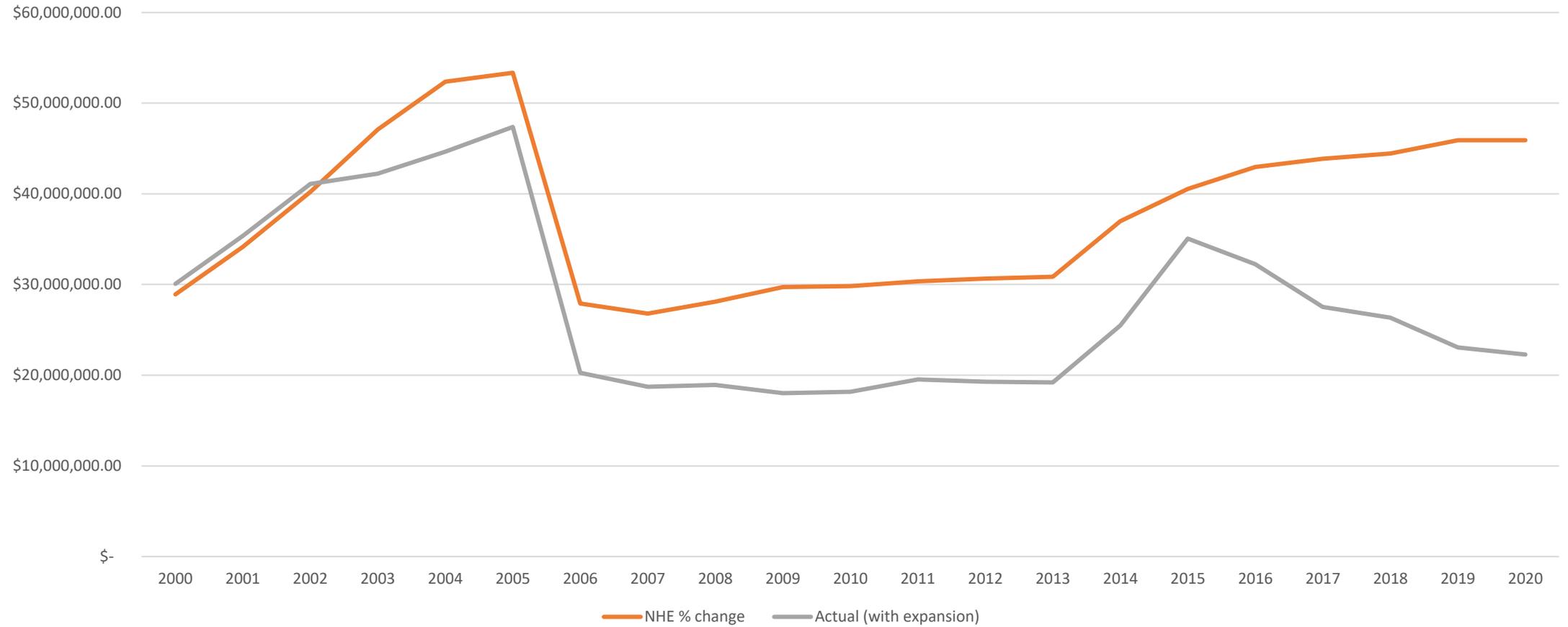
History

- ND DHS has a pharmacy claim payment system that is part of the Medicaid Management Information System (MMIS)
- Federal requirements for Medicaid pharmacy claim payment system were outlined in OBRA '90
 - Prospective Drug Use Review
 - Drug Rebate requirements
- Retrospective Drug Use Review and Drug Use Review Board requirements were part of OBRA '90
- Patient counseling requirements were also part of OBRA '90

History

- Late 1990s and early 2000s were historic for pharmacy cost inflation
 - Proton Pump inhibitors (PPIs), cholesterol meds, COX-II inhibitors, anti-histamines were the cost drivers
 - Medicare Part D didn't exist yet
- DHS works hard to be a leader in claim payment methodology leveraging Prospective Drug Use Review edits to ensure the best possible pharmaceutical care for our members
- If ND pharmacy growth matched National Health Expenditure (NHE) Medicaid pharmacy growth percentages historically since 1999, our net spend would have been \$22.8 million higher for 2019

Pharmacy Growth NHE vs ND Medicaid



How results were achieved

- Started in February 2001
 - September 2001, work began on an upgrade to existing pharmacy claim system to change to new required version
 - Changes were also made to fix early refill and begin quantity limit edits
 - Impact of new system edits apparent in 2003 as limits took time to implement given volume of claim impact (around 6 drugs per quarter)
 - \$3 copay for brands started in August 2002 (copays eliminated Oct 2019)
- 2003 Legislative session allowed prior authorization (PA) program
 - Rules and process for implementation makes impact tough to discern
 - Initial PA savings were from preferring generic and OTC PPIs
 - COX-II safety withdrawals also contributed to savings

After Part D

- Part D started in 2006
 - ND's drop in expenditures was larger than NHE due to high % of aged in ND
- 2007 through 2013, ND outperformed NHE % growth overall
 - \$100 script in 2006 would have inflated to \$110.54 vs \$94.85 for ND Medicaid

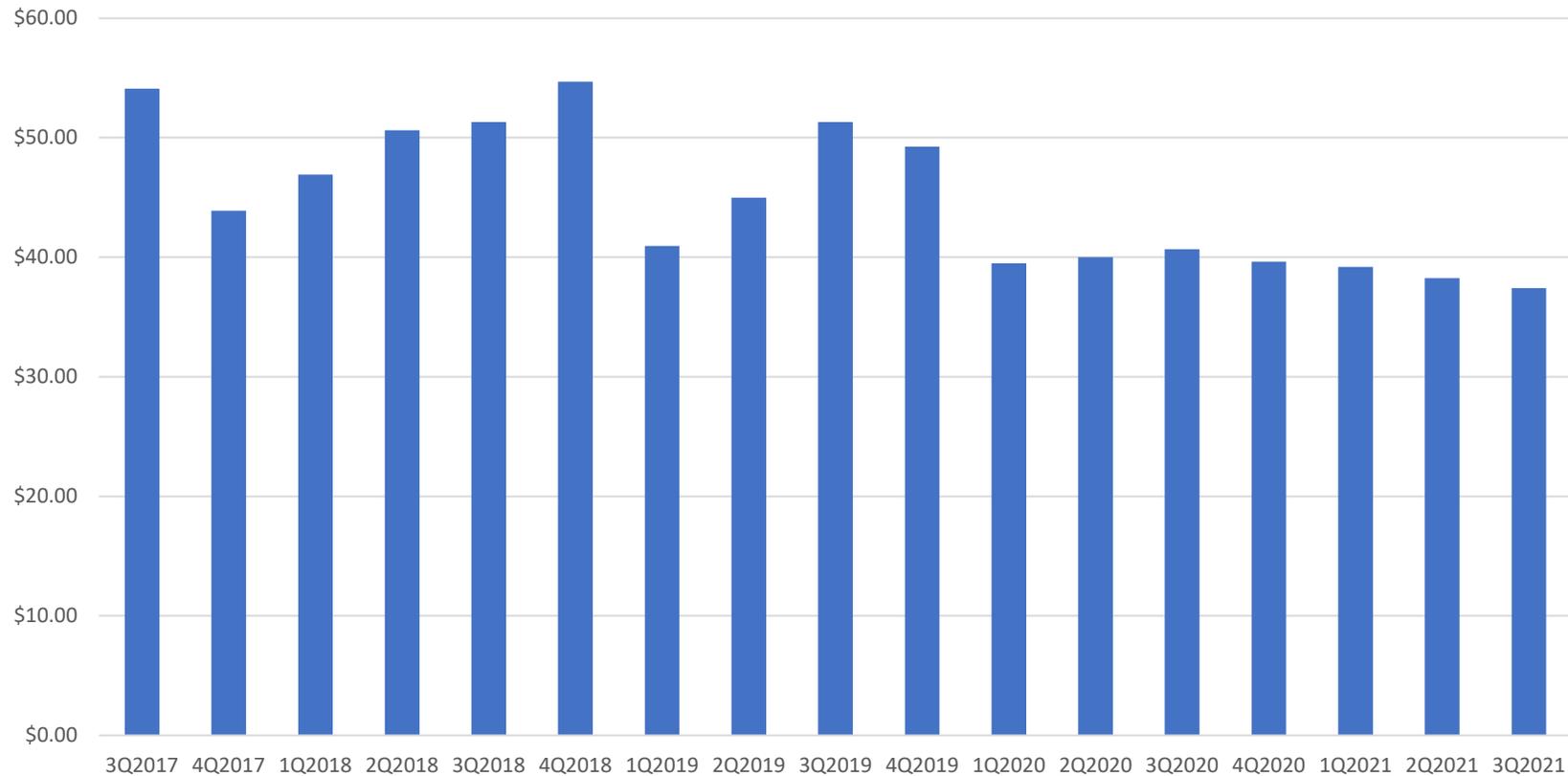
Year	NHE % Growth	ND % Growth
2007	-4.0	-7.6%
2008	4.9	1.1%
2009	5.8	-4.8%
2010	0.3	0.8%
2011	1.8	7.6%
2012	1.0	-1.4%
2013	0.6	-0.3%

2014 Forward

- Not all states expanded Medicaid so the gap between NHE growth and ND Medicaid was tightened during ND's expansion launch
- 2015 legislature authorized supplemental rebates and hiring an additional pharmacy staff member
- Supplemental rebates started at the end of 2015 for traditional Medicaid, and the end of 2017 for expansion
- Expansion changed pharmacy reimbursement to match traditional Medicaid starting 1Q2019
- 2019 legislature authorized DHS to carve out pharmacy services for the expansion population and all of CHIP was brought in-house

2020 forward (post expansion carve out)

- Expansion PMPM for pharmacy dropped



ND Medicaid On The Leading Edge

- ND Medicaid implemented many edits on opioids, many from 2016 forward
- These included acetaminophen combination limitations for safety, maximum dosages, therapeutic duplications, diagnosis requirements, dangerous combination restrictions, morphine milligram equivalent (MME) maximums, extended release / immediate release concurrent use dosage requirements
- Most of these were included in the Minimum DUR standards that came out of the SUPPORT Act in 2020

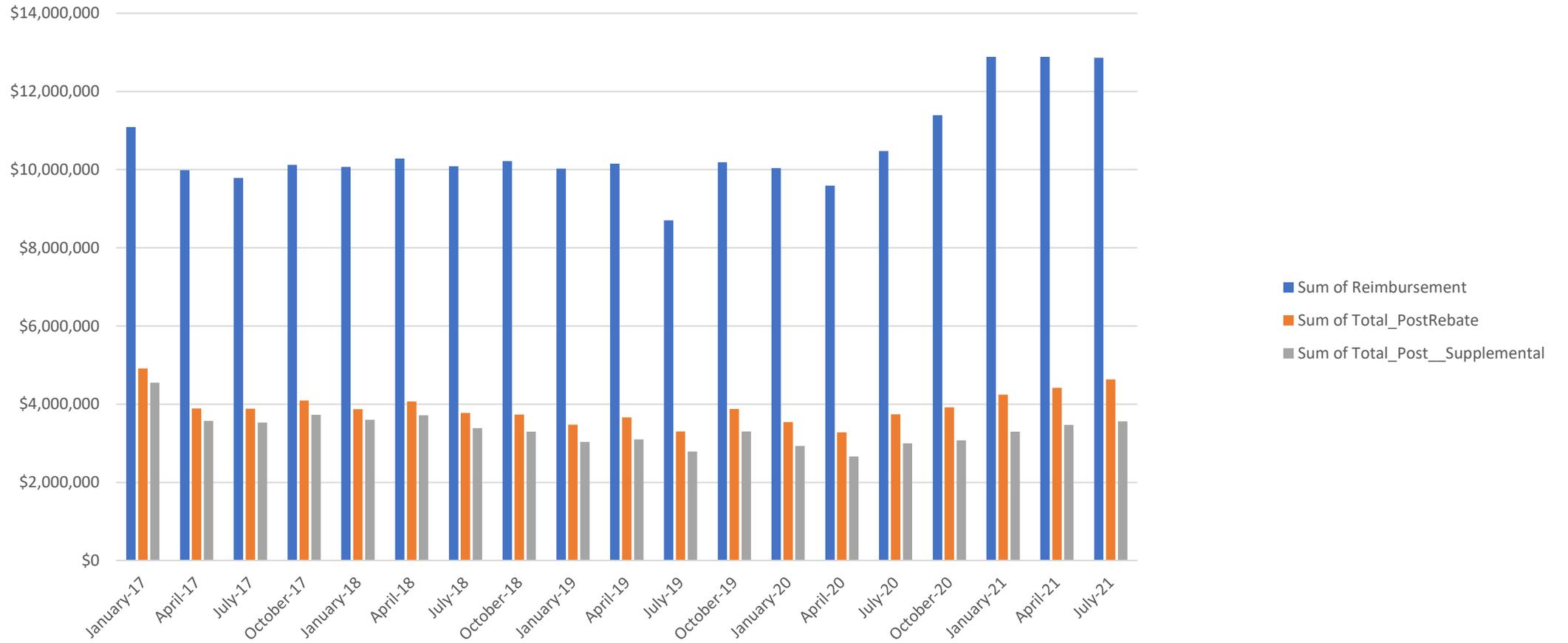
Meanwhile

- Assisted WSI in modernizing their pharmacy system in 2004
 - Released RFP for a PBM to process their pharmacy claims
 - Completed procurement and successfully implemented
- The 2007 Legislative session allowed the state to create a prescription drug monitoring program (PDMP)
 - Served as the federal grant manager for two cycles of federal grants
 - Completed procurement and successfully implemented
- New software systems (NCPDP 3.0 to 3.2 to 5.1 to D.0 to current)
 - Continuous improvement during operations of each
 - Many edits developed here are now part of minimum DUR standards

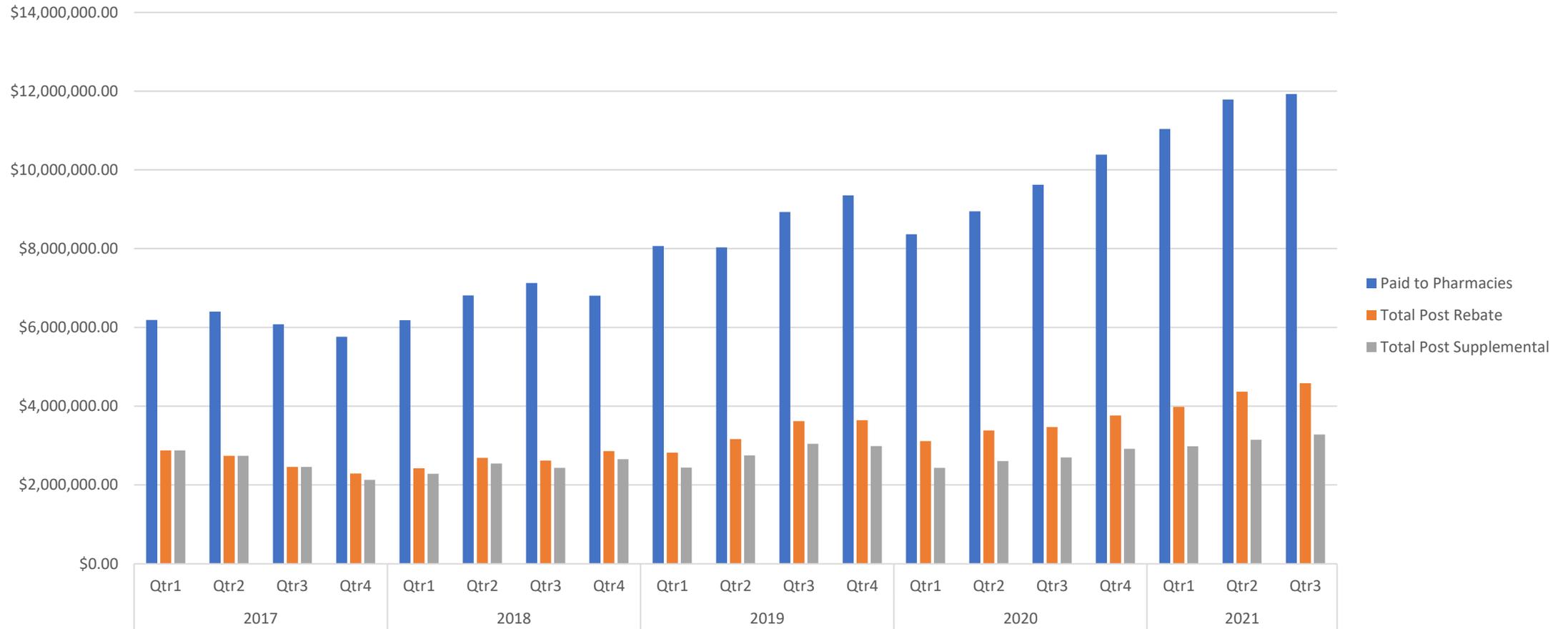
Medicaid is Unique

- Federal law governs drug coverage
- Federal law governs drug rebates
- Rebate percent of spend was 21.5% in 2001, 33.9% in 2007
- Rebate percent of spend is 72.1% in 2020
- Net spend traditional Medicaid 2007
 - \$18.7 million
- Net spend traditional Medicaid 2020
 - \$11.5 million

Spend - Traditional

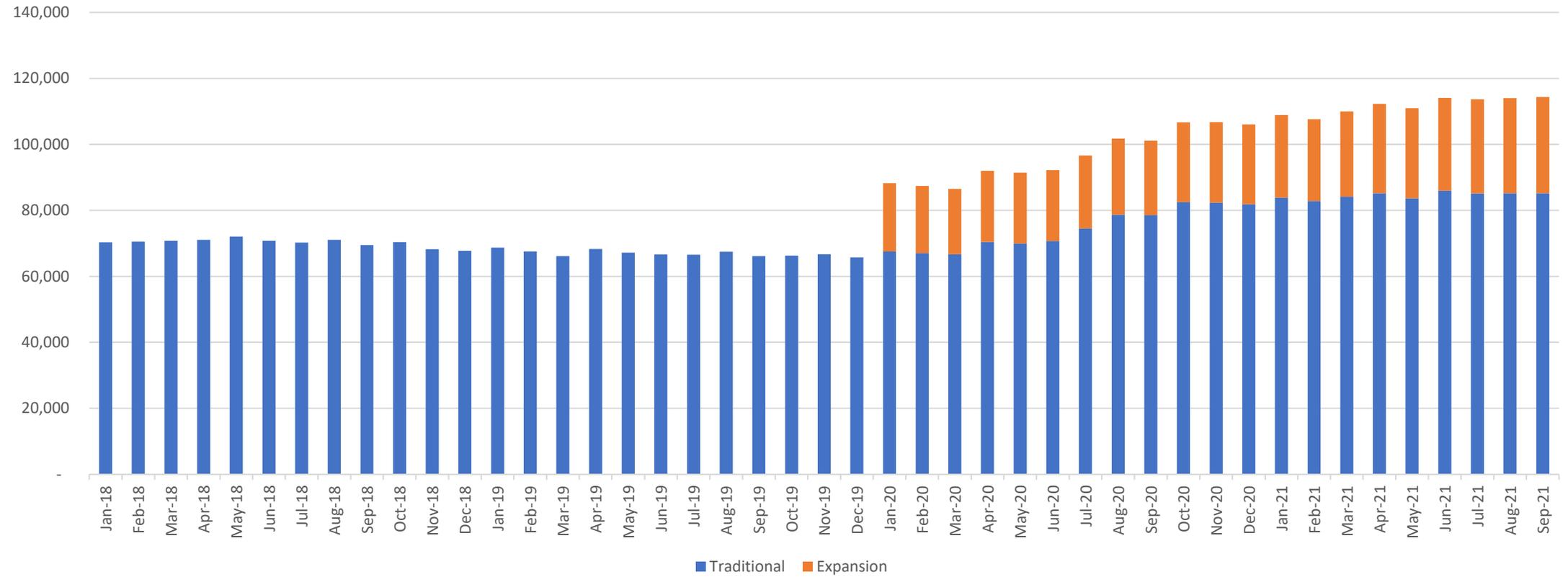


Spend - Expansion

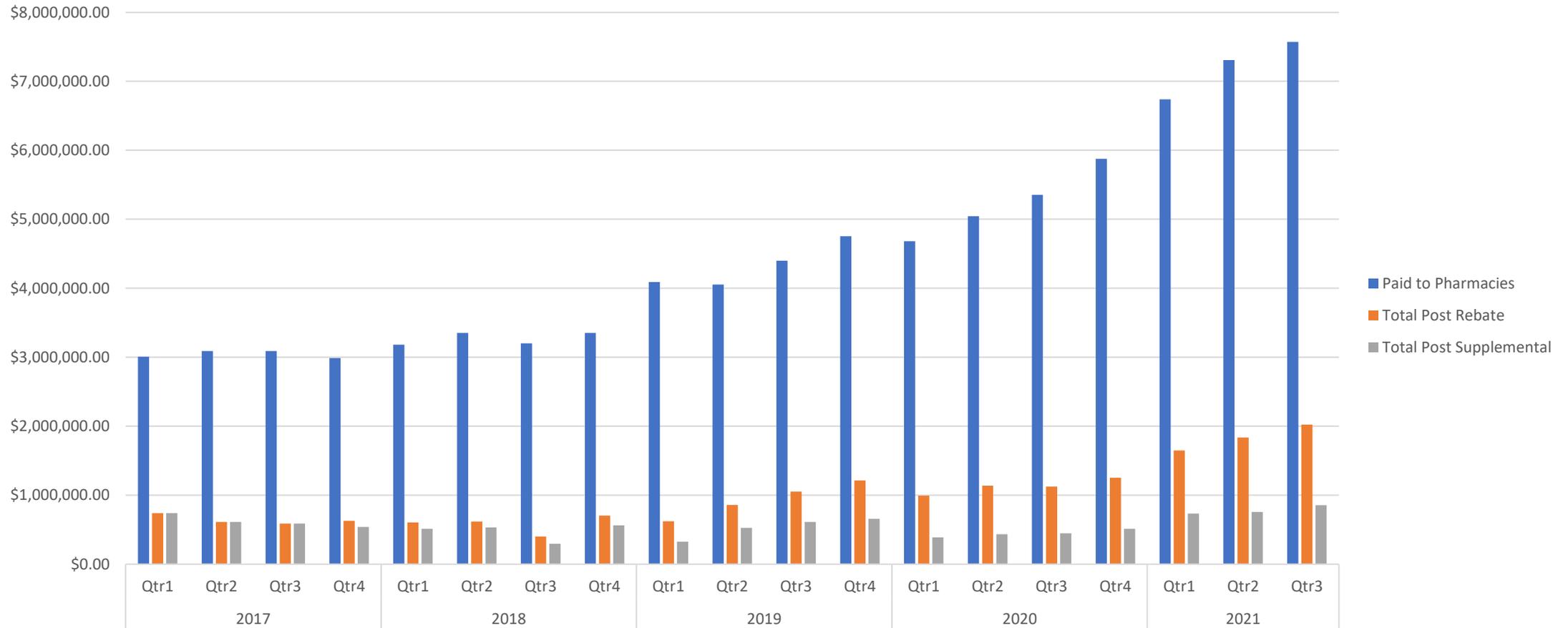


Population

Pharmacy Eligibles



Medicaid is Unique – 19 classes Expansion



Medicaid and PBMs

- Current Medicaid pharmacy system within MMIS is not a PBM
 - Since September 2001, ND Medicaid has worked with contracted programmers to maintain and enhance the MMIS pharmacy system
 - Once system changes are made, there are no ongoing costs
- Even with Expansion 2014-2019, Medicaid did not contract with a PBM as that was between the MCO health plan and the PBM
- The 2019 legislative session resulted in pharmacy being carved out
- Struggles with the PBM arrangement were much the same for ND as it has been for other states including Ohio (payment rate complaints, proper drug coverage, PDL coordination, post payment adjustments)

PBMs and Medicaid

- Some states (e.g. Ohio) are moving toward single PBMs for their managed care plans in order to directly contract with a PBM for greater control and transparency
- Some states (e.g. ND, WV, WI, others) have carved pharmacy out of MCOs which bypasses the need to contract with a PBM
- NW Prescription Drug Consortium
 - A pharmacy services purchasing collaboration resource designed to work across states with public and private partners
 - Available to more than Medicaid

Final

- Specialized staff and ability to manage the program (including system changes) has led to ND Medicaid outperforming NHE growth
- Legislative changes allowing the above and allowing adequate staffing has led to ND Medicaid outperforming NHE growth
- Questions?